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October 16, 2006

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station, 2nd Floor
Boston, MA 02110

Re: NSTAR Electric Basic Service Request for Proposals

Dear Ms. Cottrell:

On behalf of Boston Edison Company, Cambridge Electric Light Company and Commonwealth Electric Company d/b/a NSTAR Electric (the "Company"), please find enclosed a copy of the Company's Request for Proposals ("RFP") for Power Supply for Default ("Basic") Service, issued on October 5, 2006. The RFP consists of: (1) a description of the Company and the terms and conditions of the solicitation for Basic Service; (2) a Table of Credit Exposure Limits (Attachment 1); (3) an unexecuted form of the Master Power Supply Agreement that will govern transactions with the winning bidder(s) (Appendix A-1); and (4) a Bid Proposal Form (Appendix B).¹

In addition to soliciting bids for Basic Service supply for commercial and industrial customers, the RFP seeks bids for Basic Service supply to serve residential customers under contracts with one-year, two-year and/or three-year terms. Specifically, the Company is seeking bids for Basic Service supply for residential customers in order to procure sufficient supplies to serve: (1) 50 percent of residential load pursuant to a one-year contract; (2) 25 percent of residential load pursuant to a two-year contract; and (3) 25 percent of residential load pursuant to a three-year contract (see RFP at 3). The structure of this solicitation is consistent with the terms of the Company's Settlement Agreement in D.T.E. 05-85, as approved by the Department of Telecommunications and Energy (the "Department") on December 30, 2005 (see D.T.E. 05-85 Settlement Agreement at ¶ 2.21).

Consistent with G.L. c. 164, §§ 1B(d) and 94, 220 C.M.R. §§ 5.00 and 11.00 et seq. and Department precedent in Default Service Pricing and Procurement, D.T.E. 99-60-B (2000); Default Service Pricing and Procurement, D.T.E. 99-60-C (2000); and Default Service,

¹ Although not formally part of the RFP, the Company is also providing as Attachment 2 a copy of the actual bid form that suppliers may use to submit bids to the Company.

D.T.E. 02-40-C (2003), the Company intends to seek Department approval of its proposed retail Basic Service rates that result from the RFP for the six-month period commencing January 1, 2007. In support of that filing, the Company will file executed versions of the Master Power Supply Agreement included herewith. To the extent that the Company executes any Master Power Supply Agreement with a term in excess of one year, the Company will seek approval from the Department of that contract pursuant to G.L. c. 164, § 94A.

The Master Power Supply Agreement includes a provision pursuant to which the contract will be deemed null and void if the Company is unable to obtain Department approval of its terms within five business days of its filing with the Department (see RFP, Appendix A-1 (Appendix A, § 6)).²

Thank you for your attention to this matter. Please do not hesitate to contact me should you have any questions.

Very truly yours,

David S. Rosenzweig

Enclosures

cc: Jeanne Voveris, Hearing Officer (5 copies)
Joseph Rogers, Assistant Attorney General

²

This timeframe is consistent with the timetable established by the Department for approving Default Service rates. See Default Service, D.T.E. 99-60-C at 8-9.